



Food Northwest Comments to the Board of Agriculture January 17, 2024

Director Charpilloz Hanson and members of the board, thank you for this opportunity to present to you this morning. My name is Dave Dillon. I am president of Food Northwest, the Oregon-based trade association representing food and beverage companies across Oregon, Washington, and Idaho.

Our member companies are proud to provide Oregonians and countless neighbors outside our state and country quality, safe, and wholesome foods. Just about every food product in our homes, our restaurants, and food channels has gotten there through the work of our member companies. Farmers and ranchers grow and raise the raw products while food companies prepare and preserve those products so consumers can enjoy them.

Food and beverage is the second largest manufacturing sector in Oregon just behind semiconductors with 35,000 jobs directly in food and beverage making. When related activities like machinery and packaging are added, the food sector totals 49,000 directly employed Oregonians. A study commissioned by OSU with the research firm TECONOMY found that each of these jobs supports 1.48 other related jobs, making the sector's total Oregon employment impact 121,000 jobs. Oregon's food companies have a higher proportion of mid- and higher-skilled and higher wage jobs than the sector nationally. Employment in the food sector is growing today and projected to continue to grow through 2028, which was the full time horizon covered by this study.

Food companies in Oregon generate over \$616 million in state taxes and \$1.4 billion in federal taxes. The highest direct revenue impact of the food sector is the \$514 million it pays in local taxes. These dollars are essential to the well-being and success of countless Oregon communities.

ODA is critical to the success of our local food business through its food safety and other programs which ensure we have local dependable and quality food sources and build consumer confidence in food safety and quality standards. We will continue to strongly support general fund dollars to fund these key functions and the department as a whole. Likewise, we in food and ag depend on strong and credible leadership of the agency, which we have and appreciate.

At the highest level, some of the public policy-related challenges to the continued growth and strength of the food and beverage sector include workforce development and employee availability, energy, water, and the overall regulatory environment. And of course, the success of the food and beverage sector in Oregon is dependent on a strong agricultural sector. Food Northwest would echo many of the public policy items highlighted here today by our sister organizations who represent farm and ranch families.

Like every other private and public sector employer, demographics and societal changes are making it difficult to fully staff food and beverage companies and maximize their positive impacts on their communities and on Oregon. Continued emphasis on vocational education and public investments to help employees gain skills and certifications they need to advance will help address these workforce challenges. Food Northwest has engaged with the Higher Ed Coordinating Commission's Future Ready Workforce Consortia, with Oregon Business Council, Sen. Wyden, and with OSU and others to lead in this space.

To make safe quality food we need water and energy in addition to great employees. Food needs to be cleaned and most food processes involve heating stuff up and cooling stuff down. The food sector across the Northwest is absolutely dependent on natural gas. Over 70% of the energy used to produce food products in our region is provided by natural gas. We have abundant and high quality local sources for natural gas and the infrastructure to deliver it to plants that are designed to use it efficiently. No viable alternative exists right now. The food sector also needs regulatory recognition that energy intensive trade exposed manufacturing needs attainable mechanisms to meet carbon-related regulations. The food sector has made great strides in energy efficiency and will continue to do so. But public policy cannot speed ahead of what technology and infrastructure allow without significantly harming Oregon's food economy.

Environmental standards around water and other resources need to likewise recognize the limits of technology. In the Umatilla Basin, Food Northwest and its member companies have engaged, led, and invested for many years to address the issues facing the LUBGWMA. We appreciate ODA's efforts to be part of a solution-oriented, partner-based approach to these issues as we care for the environment while maintaining the economic foundation of the community.

Packaging is an issue of enormous importance to food companies. Packaging is key to food safety, preservation, and quality. Current DEQ rulemaking around Extended Producer Responsibility, known as EPR, could have an enormous impact on consumer costs and the economics of food and beverage making in Oregon. The current approach emphasizes shifting costs to food makers while not changing outcomes in the waste stream. Public policy needs to recognize the limits of current technology and invest in solutions rather than trying to impose standards that cannot be met. EPR is also being adopted in various versions state by state which further complicates implementation. California has a different law than Oregon and Washington is considering legislation this year that differs from both of its west coast neighbors.

I want to thank ODA and its staff for their remarkable work and being responsive to our food sector needs. This is an important partnership and we have been blessed by good leadership for many years including those in leadership and management today. But we don't take that for granted. ODA is an essential partner in the success of the food sector in Oregon and we thank you for the chance to share perspectives with you this morning.